

UTILITY REPLACEMENT TAX

Prior Law

For replacement tax definitions, “New electric power generating plant” was defined as a plant owned by or leased to an electric company, electric cooperative, or municipal utility initially generating electricity on or after January 1, 2003.

The utility replacement task force was set to expire January 1, 2007.

A taxpayer whose property was subject to the statewide property tax was not required to notify the department of transfers of property by local taxing district unless the transfer was the local amount of any major addition.

For purposes of the allocation of the replacement tax, only the first \$44,444,445 of assessed value for an electric power generating plant was to remain in the taxing district where the plant was located. In the transfer of an electric power generating plant, if the transferee owns no other operating property in the state the statewide amount was allocated among the local taxing districts of the transferor’s assessed value as of the end of the preceding calendar year.

The director was required to decrease the assessed value of the taxpayer’s property in each taxing district by the taxable value within each taxing district if there was a transfer or disposal of property in the previous calendar year.

New Provisions

The definition of “new electric power generating plant” is expanded to include a plant that is sold or transferred in whole or in part on or after January 1, 2003.

The utility replacement task force is extended for an additional 3 years through January 1, 2010.

A taxpayer whose property is subject to the statewide property tax is required to notify the department of all transfers or disposals of property by local taxing district.

For purposes of the allocation of the replacement tax, the first \$44,444,445 of taxable value of a new electric power generating plant shall remain in the taxing district where the plant is located and shall not be allocated to any other taxing districts if the taxpayer owns no other operating property in the state. The taxes on the value in excess of \$44,444,445 are to be deposited in the property tax relief fund created in Code chapter 426B.

The director is required to decrease the assessed value of the taxpayer's property in each taxing district by the assessed value within each taxing district if there was a transfer or disposal of property in the previous calendar year.

Sections Amended

Section 1 of Senate File 278 amends Iowa Code section 437A.3, subsection 11. Section 2 amends section 437A.15, subsection 7. Section 3 amends section 437A.19, subsection 1, paragraph a, and section 4 amends section 437A.19, subsection 2, paragraphs b and c. All amendments are to the 2007 Code.

Effective Date

July 1, 2007.